



Forest Resources and Technologies (FOREST) Project

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Quarterly Report

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Submitted to

**United States Agency for International Development
Moscow, Russia**

Submitted by

**Winrock International
Chemonics International Inc.
The Heron Group, LLC**

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I. Introduction

Winrock International, in partnership with Chemonics and the Heron Group, was awarded the Forest Resources and Technology (FOREST) Project on July 21, 2000. This five-year project is based in Khabarovsk, Russia and will be implemented July 2000 - July 2005 in the Russia Far East and Siberia. The major goals are to reduce the threat of global climate change and preserve biodiversity by promoting sustainable forest management and preserving Russian forests as a globally important carbon sink and critical habitat for rare and endangered species.

The FOREST project is achieving these goals by focusing on four technical components: forest fire prevention, pest management, non-timber forest products and secondary wood processing, and renewable energy alternatives. In addition to the four primary components, three crosscutting components (forest policy and legal reform; applied forestry research; and a grant/loan program) will support the technical components.

This report covers the third quarter of Year 5 of the FOREST Project – January 1 to March 31, 2005.

II. Quarter Highlights

- **The Forest Fire Prevention Education Program for school-aged children** was approved by the Ministry of Education of Khabarovsk Krai for use as a supplementary program in local High Schools.
- **The Practical Manual of “Forest Fire Prevention Public Awareness Work”** went to pre-press. The FOREST Fire Prevention Moscow Representative obtained the first copy of the Manual. The design of the hard cover and the title page were developed, and the text was edited. This activity is now being finalized.
- **Representatives of the forest fire prevention and public education component of the FOREST project in Irkutsk** held a meeting with the personnel of Irkutsk Oblast’s Youth Library and the Museum of Regional Studies to discuss plans of forest fire prevention public awareness activities for the spring of 2005. Meeting participants agreed to organize the mailing of information packages to 38 district libraries within the Irkutsk Oblast prior to the beginning of forest fire season. It is anticipated that the librarians will build informational booths and organize drawing contests. Those activities will be organized in partnership with the specialists from the Federal Forestry Agency of Irkutsk Oblast.
- **Scientists Acknowledge Monitoring System for Siberian Forest Insect Pests at Meeting in U.S.** Approximately 250 leading plant pathologists, entomologists, and quarantine specialists from the United States, Canada, and about a dozen other foreign countries were introduced to the Siberian moth monitoring system recently developed by the “Forest Resources and Technologies” (FOREST) project funded by USAID. Results were presented at the sixteenth meeting of the United States Department of Agriculture, Interagency Forum on Invasive Species held in Annapolis, MD, USA).

- **Forest Pathology Map for Khabarovski Krai Printed and Distributed.** With its Russian partners, FOREST has completed development of the forest pathology zoning map for Khabarovski Krai. 500 copies were printed and distributed. The Pest Monitoring team presented an electronic version of the map to the Russian Center of Forest Protection, Agency for Forest Management of the Krai, USAID, and Winrock International.
- **Khabarovski Krai Foresters Acknowledge Monitoring System for Siberian Moth in the Russian Far East.** The Project introduced the recently developed Monitoring System for Siberian Moth populations in the Russian Far East to an audience of 52 forest specialists representing 9 governmental and local organizations of Khabarovski Krai. The “Forest Resources and Technologies” (FOREST) project funded by USAID developed the system. The results of this work were presented to Far Eastern foresters during a working seminar which was held at the Far Eastern Institute for Forest Management on February 25 in Khabarovsk. The Vice Chairmen of the Agency of Forest Management of Khabarovski Krai, Mr. Vladimir Kolomytsev acknowledged the integrated approach of Project participants in developing a monitoring system based on GIS technology, modern sampling methods, and computer modeling. Seminar participants as well as the Agency itself received paper and electronic copies of the newly published forest protection zoning map for Khabarovski Krai.
- **FOREST Project Partner Organizations Complete Work in Forest Protection.** All activities in the Forest Protection Component have been successfully completed by FOREST partner organizations. During the 5-year period of the Project five research Institutes of the Russian Academy of Science and the Ministry of Natural Resources with the State University of Forest were all involved in development of the project’s pest monitoring methodology. The results have been institutionalized in seven krais and oblasts of the Russian Federation by the Centers of Forest Protection – regional bodies of the Russian Forest protection Service – Roslesozaschita.
- **Initial arrangements and contacts have been made to prepare a Reverse Trade Tour of major North American and international lumber buyers and forest industry investors** to Khabarovsk and Primorsky krais in cooperation with the ESD Project. Many of these international companies are currently importing large volumes of appearance grade lumber from countries such as New Zealand, Chile, Brazil, South Africa, and Northern Europe. During the last ten years, the U.S.A. has witnessed a huge supply shift from North America (mainly U.S. and Canada), where limited timber resources and new environmental regulations have severely reduced the harvest, to new global timber sources. Due to the growing shortage of quality lumber in North America and other overseas markets, lumber buyers and wood product manufacturing investors are eager to explore new supply sources like the Russian Far East. The idea of the reverse mission has been strongly supported by krai administrations. Krai officials volunteered to provide assistance in organizing the tour. The tour will be an excellent opportunity for Khabarovsk and Primorsky Krai forestry and wood product manufacturing companies to make direct contact with major overseas lumber buyers and potential investors who are very interested in establishing business relationships with suitable companies in Russia. The tour will take place in May.
- **Inspired by the success at the Surfaces 2005 Trade Show in Las Vegas**, four RFE wood processing companies from Khabarovski and Primorski krai have identified another

trade show -- AWFS ® Vegas – and now arranged to take place in the event at the end of July. This will be the second trade mission to the US within six month period undertaken by the companies without any support from FOREST. Participation in US trade shows without USAID assistance demonstrates that the FOREST Project's programs are becoming institutionalized and that the legacy of FOREST Project activity continues to benefit the local community.

- **TM Baikal (Irkutsk oblast), a long-standing FOREST partner, and design company Biyskenergomash, have completed the design of two modified KE-10-14 (6.5 MW each) Biysk boilers with FOREST targeted financial assistance.** TM-Baikal is constructing these boilers based on another long-standing FOREST partner, Igirma Tairiku's experience in successfully modifying their boilers. TM Baikal is assembling the boilers into a new boiler house. This facility will enable the company to increase its production to produce 115,000 m³ of dry lumber per year. The company is expected to earn \$3.5 million USD per year from added value dry lumber and create 30 new jobs.
- **FOREST partner company Miklescom (Irkutsk) and long-standing FOREST design firm partner, IrkutskNILLP, have completed the design of a dry kiln-biomass boiler system with FOREST targeted financial assistance.** The company is assembling two wood-fired boilers (1.5 MW each) and four dry kilns (200 m³ each) manufactured by Chita Machinery Works. The company's fuel storage (600 m³) is also under construction. The project will result in the utilization of 100% of the company's wood wastes, reduction of CO₂ emissions, and creation of 60 new jobs.
- **USAID's Biomass Energy FOREST Project Being Tapped Further Prior to Closure.** On March 29, 2005, FOREST Biomass Specialist Tatyana Khodos met with the Minister of Industry and Timber of Khabarovski Krai, Mr. Vasily Shikhalyov, to discuss expanding work completed under USAID's FOREST Project. Minister Shikhalyov stressed his desire to institutionalize and replicate models of biomass facilities successfully put into operation under the FOREST project in Irkutsk Oblast in Khabarovski Krai. Funding for such biomass facilities may be possible as the Ministry plans to support six new forest-related projects in Krasnoyarsk (in Sovgavan, Sukpai, Yagodny, De-Kastry, Berezovy, and Myhen). USAID's FOREST Project has clearly demonstrated the potential of utilizing wood residues in biomass facilities in a sustainable manner, thereby improving the economy and environment of the region.

- **Four Technical Components**

A. Fire Prevention

1. Highlights

- The FOREST Fire Prevention and Public Education team is in the final stage of institutionalizing its forest fire prevention campaign. The close collaboration with the Federal Forestry Agency has enabled the efficient transfer of methodology and experience on how to implement general awareness campaigns to project's stakeholders. From January to March, 2005 FOREST Fire Prevention staff and our partners conducted four communications skills development training seminars for 44 foresters and education professionals. Those trainings should help project's partners implement more effective forest fire prevention public awareness campaigns in the future. The FOREST Project's

Fire Prevention Education Program for schools was approved by the Ministry of Education, Khabarovski Krai, in the first quarter of 2005.

- Krasnoyarsk hosted a series of seminars on the Forest Fire Prevention. The seminars were organized by the Forest Fire Prevention Information Center in conjunction with FOREST and the Federal Forestry Agency in Krasnoyarsk Krai prior to high fire danger season. Forty-four foresters and education professionals participated in the seminars to develop communication skills aimed at increasing the efficiency of forest fire prevention public awareness campaigns.
- A seminar on forest fire prevention and nature conservation awareness work was held for ecologists, secondary education professionals and school administrators. The seminar was delivered by the Pedagogical Institute in Irkutsk Oblast. The goal of the seminar was to teach methods of organizing nature conservation and forest fire prevention public awareness campaigns for school children.
- More school organizations are participating in forest fire prevention public awareness activities. During the school winter break, a FOREST Fire Prevention representative met with five members of the school ecological society from Ust –Kudy (Irkutsk District). During the meeting FOREST representative helped plan events to be held in the year 2005. The meeting's participants suggested organizing the forest fire prevention education parade in April, 2005. The same team of volunteers will participate in the District Ecological Meeting, scheduled for spring 2005.
- Divnogorsk Forestry College hosted a fire prevention public awareness campaign training for foresters on February 17th. In collaboration with the Information Center of the Forestry Agency, the FOREST Project held a training seminar on how to use the "Practical Manual of Public Awareness Work" for 35 foresters from various districts of Krasnoyarsk Krai. Most of the chapters of the new Manual were presented to the audience. Organizers also facilitated the discussion of the novel methods of forest fire prevention public awareness activities.
- Khabarovsk Forest Fire Prevention Information Center website is nearing completion. FOREST staff transferred fire prevention materials to the new website owners (Fire Aviation Base). Also, Information Bulletin ? 10 was developed in partnership with the specialists of the Federal Forestry Agency in Khabarovski Krai.

2. Success Story

FOREST Project's Information Bulletin found new publishers

The Information Bulletin "Let's Keep the Forest Alive", which had been published by the FOREST Project since 2002, became immensely popular among foresters of the Russian Far East. Not only forestry specialists, but also teachers, leaders of the Junior Forest Rangers Teams and representatives of non-governmental organizations consider the bulletin a vital part of their life. Readers have the opportunity to share their own experience of forest fire prevention and carrying out public awareness campaigns, talk about their achievements and gain the knowledge important to them from the publication. Currently the subscription database holds more than two thousand subscribers. In May 2005 the FOREST Fire Prevention team, having successfully achieved its objectives, will come to an end. However, all the Project's knowledge and expertise, including the Information Bulletin "Let's Keep the Forest Alive", will be transferred to our partners. The Federal Forestry Agency in Khabarovski Krai volunteered to keep publishing the

bulletin, beginning in the summer of 2005. The FOREST Fire Prevention team and experts from the Federal Forestry Agency have joined efforts to develop the tenth issue of the Information Bulletin. Other FOREST Fire Prevention activities will be transferred to interested organizations prior to the project's completion.

3. Project Focus Areas – Activity Information

Ongoing activities:

- Preparing the final report
- Updating the Krasnoyarsk Information Center's website and transferring the domain to the Federal Forestry Agency in Krasnoyarsk Krai
- Dissemination of the Forest Fire Prevention Component's educational materials for the purposes of conducting seminars, lectures and carrying out public awareness campaigns
- Providing support to our partners to implement the Earth Day public awareness campaign

4. Results

Table. Forest Fire Prevention Results as per USAID/Russia's Strategic Objectives

Component 1 Indicator	Previous Indicator	Total
1.6.5 (3) Number of groups, participating in Forest Fire Prevention Education Communication Programs	753	753
1. NGOs	64	64
2. Population groups	52	52
3. Mass media outlets	63	63
4. Schools, organizations, extra – curricular education institutions	451	451
5. Leskhozoes	123	123

5. Key Deliverables Accomplished Per Approved Work Plan

- The practical manual of “Forest Fire Prevention Public Awareness Work” was approved at the Council Meeting of the Federal Forestry Agency
- The modified Forest Fire Prevention Education Program was reviewed and approved for use by Khabarovsk Ministry of Education
- Four training seminars on the institutionalization of the “Practical Manual of Public Awareness Work” were conducted

B. Pest Management

1. Highlights

- Khabarovsk Krai Foresters Acknowledge Monitoring System for Siberian Moth in the Russian Far East. The Project introduced the recently developed Monitoring System for Siberian Moth populations in the Russian Far East to an audience of 52 forest specialists representing 9 governmental and local organizations of Khabarovsk Krai. The “Forest Resources and Technologies” (FOREST) project funded by USAID developed the system. The results of this work were presented to Far Eastern foresters during a working seminar which was held at the Far Eastern Institute for Forest Management on February 25 in Khabarovsk. The Vice Chairmen of the Agency of Forest Management of

Khabarovski Krai, Mr. Vladimir Kolomytsev acknowledged the integrated approach of Project participants in developing a monitoring system based on GIS technology, modern sampling methods, and computer modeling. Seminar participants as well as the Agency itself received paper and electronic copies of the newly published forest protection zoning map for Khabarovski Krai.

- Russian Academy of Science Acknowledges Results of FOREST Project. Academician E. Vaganov, the Russian Academy of Science representative in Siberia, acknowledged the FOREST project for its support in utilizing the innovative potential of the Sukachev Institute of Forest in developing practical methods for forest protection in Russia. Academician Vaganov participated in a seminar in Krasnoyarsk that presented results achieved during the five-year FOREST project. The FOREST Project will close on during the next quarter.
- First Volume of FOREST Field Guide Scheduled for Printing. Mutual efforts by the Ministry of Natural Resources and the USAID funded FOREST Project to prepare a three-volume set of field guides on forest protection is moving toward completion. The proofs of the first volume, “Diseases of Forest Plants,” were signed in mid January.

2. Success Story

FOREST Scientists Present Forest Pest Monitoring System for Siberian Moth at Meeting in U.S.

Siberian moth is the major coniferous forest pest in Asian Russia. If introduced into the U.S.A. or Canada, this insect would join a growing list of foreign invasive organisms. The annual loss from invasive pests in the U.S. now exceeds 90 billion dollars. The “Russian Forest Resources and Technologies” (FOREST) project, funded by USAID, has developed a monitoring system for Siberian moth populations. Yuri Baranchikov, Bruce Miller and Max McFadden presented these results to scientists during the sixteenth United States Department of Agriculture Interagency Forum on Invasive Species held in Annapolis, MD, USA. The audience of 250 plant pathologists, entomologists, and quarantine specialists from around the world acknowledged the integrated approach of their Russian colleagues in developing a monitoring system based on GIS technology, modern sampling methods and computer modeling. The project is a unique example of collaborative work by scientists, forest managers and policymakers in developing and adopting forest science innovations. All activities of the Pest Monitoring component were organized on a cost-share basis with regional Agencies of Forest Management, Departments of “Roslesozaschita” and the Russian Quarantine Service. The involvement by Russian governmental organizations demonstrates the high level of interest in the results of the Project. Additionally, their involvement serves as a primary source of support for institutionalization of the new monitoring system.

3. Project Focus Areas – Activity Information

- **New Approach to Planning for Forest Health Monitoring approved by Roslesozaschita.** The FOREST Project Grant nominee—the Siberian Center for Forest Certification in Krasnoyarsk—completed work on a Forest Health Monitoring Plan for Krasnoyarskiy Krai. The plan was approved by Roslesozaschita – the Russian Forest protection Agency. The Ministry of Natural Resources considers that a plan of this kind will significantly improve forest protection planning and reporting in Russia. The

FOREST grant sponsored creation of the first such plan of this type. The Agency has proposed that the plan be widely replicated throughout the Russian Federation.

- **Forest Protection Map for Tomsk Oblast' Printed.** The Center of Forest Protection of Tomsk Oblast together with the Sukachev Institute of Forest have completed work on a map of the areas of pest outbreaks in Tomskaya Oblast'. The Center provided detailed information on both recent and historical pest outbreaks in the Oblast' and the Institute of Forest supplied information on recent developments in zoning of the Tomsk forested area. FOREST project consultants prepared an electronic copy of the map and are assisting the team in adapting the product for publication. The map will serve as a basis for forest health monitoring in the Oblast.
- **Work on Field Guide "Insect Pests of Russian Forests" Nearing Completion.** The third, and final volume of the field guide series on "Diseases and Pests of Russian Forests", is nearing completion. A team of leading forest entomologists from Moscow, St. Petersburg, Novosibirsk, Krasnoyarsk, Irkutsk, Khabarovsk and Vladivostok were assembled for this task. The Sukachev Institute of Forest, Siberian Branch, Russian Academy of Science provides overall leadership. The FOREST Project is supporting this work under a special Agreement with the Institute.
- **FOREST Project Final Seminar Held at Sukachev Institute.** The V.N.Sukachev Institute of Forest, Russian Academy of Sciences', the largest forestry Institute in Russia, worked closely with the FOREST project over the last 5 years as its main partner in Siberia. Representatives of administration, the Scientific Council and primary participating departments of the Institute attended a seminar on March 31st, that presented results and accomplishments of the soon to close FOREST project. Academician E. Vaganov, the Institutes' Director, highlighted the role of the Institute in the creation of a modern system to monitor Siberian moth populations. He acknowledged The Heron Group and the rest of the FOREST project for their support in developing practical methods for forest protection based on the Institute's innovative research results.

C. Non Timber Forest Products and Secondary Wood Processing

1. Highlights

- Khabarovski Krai honey producers' society has developed a training program for young bee keepers. The training will be free for all who volunteer to participate. The need for training has been revealed during a seminar conducted by FOREST volunteers in October at which the participants agreed that there is a need for young professionals in this sector.
- NTFP Company "Forest Products" developed chain of stores specialized in the non timber forest products following FOREST assistance. The first store specialized in NTFPs has been opened during last fall and four new stores have been opened during February 2005. This is a great example of the NTFP Company and the NGO Indigenous People's Center cooperation for their mutual benefits: expanding market, increasing

sales, adding value to NTFP products, and involving communities of indigenous people into NTFP harvesting process.

- Recently the Siberian Interregional Association of Natural Products Producers assisted to obtain member companies attain 5 certificates of compliance for World of Siberian Pine with 5 new products. This will allow them to supply products worth over 50,000 Rubles to Sakhalin and Moscow markets. Furthermore, the Association has been able to establish contacts with Moscow based company “Pine Forest” and has begun market penetration in Moscow and Saint Petersburg.
- The Siberian Interregional Association of Natural Products Producers is upgrading its web site (<http://fulltime.ru/les/>). Their new web site will include all the products produced by the member companies and is aimed at attracting new members and increasing sales.
- *Amurbiopharm* and *Forest Products*, NTFP processing companies from Khabarovsk, have been active participants at FOREST organized seminars and trade shows. The experience gained at the previous trade fairs allows them to organize themselves and participate in present trade shows now when FOREST is no longer able to provide any financial support. The two companies participated at the Spring trade show in Khabarovsk and their booths became centers of attraction; the companies now employ a marketing strategy and tactics which they have learned thanks to FOREST assistance.
- The Far Eastern Association of Wood Processors held a seminar in mid-March entitled “Modern Technologies in Wood Processing.” Several world leading equipment manufacturers had a possibility to present their equipment at the seminar. The two-day seminar with 56 attendees was followed by hands-on training, displaying how they have now become sustainable and can provides services to their members without direct FOREST support.

2. Success Story

Russian Wood processors take up new FOREST role

Four wood processing companies from Khabarovsk and Primorsky krajs which are FOREST Project partners participated in the “Surfaces 2005” Trade Show in Las Vegas, January 29-31. Previously it was the FOREST Project which identified the shows, made travel arrangements and paid for participation with the purpose to introduce this activity into sustainable practice so that these companies could take it upon themselves once FOREST closes. During this tour, FOREST provided only visa support to the companies. Presently these companies are planning on attending a new US Trade Show also scheduled for Las Vegas during the month of July. This upcoming show will be completed self-coordinated and paid by the four attending companies.

3. Project Focus Areas – Activity Information

Ongoing Activities:

Monitoring of results of FOREST activity.
Preparation of the final report.

Upcoming Activities: No activities are planned due to project close-out

4. Results by Objective (Indicators)

SO 1.6 Environmental Resources Managed More Efficiently to Support Economic Growth				
	<i>Year Five</i>	<i>This quarter</i>	<i>Life of Project</i>	<i>tails</i>
IR 1.6.1.1 - Business associations strengthened		-	7	This indicator counts only new partner associations, not continued activity of existing partners, which is reflected in sub-indicators. Six of seven NGO partners recorded results on the sub-indicator for development of new services in Year Five.
IR 1.6.1.2 - Businesses participating in associations	3	-	208	Flora Anix- SIANPP East Siberian rehab medicine Association – SIANPP Titan – Region -7
IR 1.6.1.3 - Businesses showing improved performance	7	2	63	“Siberian Pine World” “PIK-89”
SO 2.1 More Open, Participatory Society				
	<i>Year Five</i>	<i>First quarter</i>	<i>Life of Project</i>	<i>Details</i>
IR 2.1.2.2 - Advocacy campaign conducted	0	0	1	
Other Relevant Indicators				
Training participants (female) Female number represents a minimum; more women may have participated but numbers not available.	69(10)	25(4)	742(115)	Trainings in 2st quarter: Workshop “Intensive honey producing technologies”
	<i>Year Five</i>	<i>Details</i>		
New employment	62	60 -Dynasty 2 -Seal Plus		
New enterprises				
New production lines, products, or technologies at existing enterprises	4	Malakhit Chekhov Food Complex Trade invest Mag Aqua Spring		
Overall increase in association membership	3	Flora Anix- SIANPP East Siberian rehab medicine Association – SIANPP Titan – Region -7		

Export contracts through trade shows and e-commerce (number and value)	\$56,000	Forest Products – 20,000 Dincoma – 34,000 Vostokbioproduct – 2,000
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5. Key Deliverables Accomplished Per Approved Workplan

Year Four Task per Workplan	Deliverables per Workplan	When & How Accomplished	Comments
i. Continue to build capacity of associations and resource information centers to provide capacity to individuals, enterprises and companies. Continue training of their leaders in fundraising, advocacy, the range of services expansion, data collection and analysis, Internet information resources, and periodic newsletters for the associations and website management.	8 newsletters on organic certification prepared and distributed, 3 trainers for the associations trained		
ii. Summarize FOREST findings for Associations and Resource Centers to Use			
iii. Support the Sakhalin NTFP processing companies, identify their common problems and solutions, identify the most promising companies, if deemed an area of need, then provide assistance to them in uniting into a stand alone association or in joining one of the existing associations.	Companies identified, assessment made, 3 companies assisted, 3 participants included into Expo East trip Assistance provided to apply for Sakhalin energy grant		
iv. Help associations and companies prepare for and participate in regional, interregional, federal and international trade shows. On a case by case – trade show - ‘determined basis,’ companies’ contribution to cost-sharing for trade show participation may be 25% - 100%. In some rare case(s), it may be discussed with USAID that no cost-sharing should be the tact taken, however as we try to be regionally and market-driven.	1. VladExpo , Vladivostok 2. SIGold, Yuzhno-Sakhalinsk 3. esdrevmash, Moscow 4. Forest, Krasnoyarsk 5. Expo East, Washington, D.C. 6. Forest Gifts, Moscow	7 companies, Siberian association 4 companies, Siberian Association 12 participants Siberian association Siberian association Siberian and Far Eastern Associations	July August September September October November
v. Assist companies in the search for	5 newsletters	August -	

organically certified NTFP markets, identify the most appropriate organic certification standards, and provide assistance to interested companies in getting their products certified to extent possible as we enter close-out period.	prepared and sent to the associations	September	
vi. Assist Krasnoyarski and Khabarovski Krai governments in training the local NTFP harvesters in the study and practical application of the newly adopted krai-level NTFP Harvesting Rules developed on the basis of sustainable forest management principles.	Seminar for NTFP harvesters took place in Khabarovsk 500 copies of new harvesting rules for Khabarovski Krai have been published	Seminar took place on the 10th of August in Khabarovsk	41 seminar participants trained
vii. Participate in the 'SIGOLD' International Trade Show in Sakhalin.	4 companies and the Siberian association took part	The trade show took place on the 24-26 of August in Yuzhno Sakhalinsk	Forest Products – \$20,000 contract Projected Dincoma's contracts \$730,000
viii. Increase awareness of Russia's unique NTFPs and their properties through publications in the overseas periodicals. In collaboration with the WWF develop and publish a three language directory of RFE herbs intended for international and Russian stakeholders.			
ix. Facilitate reverse tour(s) by teams of the U.S. woodworkers to Siberia and/or the Russian Far East. To every extent possible during this close-out period, help companies start and develop mutually beneficial partnerships.	1 reverse tour accomplished. Another one is planned for April. The participants will visit Khabarovsk and Primorsky krai	In June – July reps of 17 foreign companies visited Krasnoyarsk and Irkutskaya Oblast	
x. Contribute to the development of a concept and a business plan on the establishment of a wholesale facility (market) for the Sakhalin woodworking companies.	Business model developed, Marketing research conducted		
xi. Conduct sector-based workshops, as well as business management seminars for forestry SME.	Seminar for NTFP harvesters Seminar for honey producers		41 participant 25

			participants
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D. Renewable Energy Alternatives/Biomass

1. Highlights

- With FOREST targeted financial assistance, Kamenskoye (Krasnoyarsk krai) and their design firm, the Krasnoyarsk Institute for Technical Physics, have completed the design of a dry kiln-biomass boiler system (five dry kilns, two of which are currently under construction, and two biomass gasifiers (600 kW each). The dry kiln-biomass boiler system will enable the company to produce 15,000 m³ dry lumber per year with an added value of over 450,000 USD per year to heat their office and shops, and provide 70 jobs for the remote Siberian village of Taseevo.
- Igirma-Tairiku (Irkutsk Oblast), a long-standing FOREST partner, is testing a third 6.5 MW Biysk biomass boiler to complement the two Biysk boilers the company previously installed with FOREST technical assistance. The boiler began operating in November 2004. This facility will enable the company to put into operation additional dry kilns and boost the company's exports to Japan, Austria, and Germany.
- Gorinskiy KLPH (Khabarovsk Krai), a long-standing FOREST partner, received FOREST technical assistance to put into operation a 1 MW biomass boiler and dry kiln system in November 2002. The company plans to save costs and replace purchased fuel and electricity with self-generation in installing this new 1 MW wood-burning boiler to heat its buildings. The estimated cost of heat from the new boiler is about 250-300 RUR/Gcal, a fourth of the current cost of fuel.
- New-Len-Oil (Irkutsk), a long-standing FOREST partner, received FOREST technical assistance to design a 11.6 MWth biomass boiler and 600 m³ dry kiln system. Biomass energy experts provided a letter of support to the company, endorsing the selection of the boiler given its integrated system, usage of modern-staged combustion technology on a progressive, inclined grate, and ability to burn wet wood cleanly.

2. Success Story

Kamenskoe, LLC – Developing a Biomass Boiler and Dry Kiln System in Krasnoyarsk Krai

Founded in 2001, Kamenskoe, LLC is a small-sized company located in the ancient Siberian village of Taseevo approximately 380 km from Krasnoyarsk city. The company specializes in harvesting and sawing timber. With FOREST Project targeted financing assistance, Kamenskoe and the Krasnoyarsk Institute for Technical Physics completed the design of a proposed 1.2 MWth biomass boiler and 240 m³ dry kiln system. The company has purchased a KV – 600 gasifier and has begun construction of two dry kilns that will be put into operation in May 2005. The dry kiln-biomass boiler system will enable Kamenskoe to produce 15,000 m³ dried red pine lumber per year with an added value of over 450,000 USD per year to heat their office and shops, and create 70 jobs for the remote Taseevo settlement.

3. Project Focus Area – Activity Information

Ongoing Activities

- FOREST is continuing to provide technical support to its partner companies in the design, start-up, commissioning, and operation of biomass facilities. FOREST partner companies, such as Igirma-Tairiku, Miklescom, TM Baikal, New-Len-Oil, Parusnovsky DOK, and Kamenskoe, are in the process of installing biomass boilers and dry kiln systems.
- FOREST is assisting Irkutsk oblast communities in submitting applications for ROLL Project grants. Activities geared towards saving energy in Irkutsk oblast are being given high priority in this round of grants. Having already assisted in the development of more than 50 MWth biomass facilities in the oblast, the FOREST Project hopes to continue to promote biomass energy use and civil society development in the region through the ROLL grants.

Upcoming Activities

- The biomass energy component will be closing out project activities and developing final reports in the coming period.

4. Results by Objective (Indicators)

SO 1.6 Environmental Resources Managed More Efficiently to Support Economic Growth				
IR 1.6.2 Operating efficiency of businesses adopting environmentally –friendly practices improved				
	Year to Date	This Quarter	LOP	Comments
Number of businesses showing improved performance from USAID-supported practices	6	6	20	Assistance provided to the six companies described above in the “Highlights” section
Results tracked additionally to the SO table indicators				
Amount of economic benefit received by local businesses as a result of introducing new biomass energy plant	USD 1.6 ml	USD 1.6 ml	USD 14.6 ml	Eleven companies have put into operation 14 biomass boilers of 34.5 MWth total capacity and 41 dry kilns of 5,770 m ³ total capacity to produce about 230,000 m ³ dry lumber per year with an added value of over 7.0 million USD per year.
Number of improved environmental practices adopted in targeted regions (biomass energy facilities installed)	3	3	17	Two biomass boilers have been installed at TM Baikal and one boiler has been installed at New-Len-Oil.
Number of local institutions, with increased capacity to design and construct biomass energy facilities	4	4	17	Four design companies: Krasnoyarsk Institute for Technical Physics, IrkutskNIILP, Biyskenegomash, Turboblock-service have completed projects/TEO for four FOREST partner companies with biomass energy expert assistance.
Number of people, who received training in	0/0/0	0/0/0	732	The biomass energy team provided 72 trainings to more than 730 specialists

biomass energy use through biomass energy workshops, design review meetings, study tours, seminars (male/female/total)				in the five FOREST project regions throughout the five years of the Project.
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5. Key Deliverables Accomplished Per Approved Workplan

- In accordance with Task I “Begin or complete construction of biomass energy facilities totaling 50 MW (thermal) energy by the end of the FOREST Project”:**
Subtask i. “Development of Final Engineering Plans”. Final engineering plans have been developed for TM Baikal, Miklescom, and Kamenskoe companies with FOREST targeted financial support. A feasibility study is being developed for FOREST partner company Vanino Tairiku.
Subtask ii. “Construction, commissioning, and start-up of biomass energy systems”. FOREST partner companies TM Baikal, Miklescom, Kamenskoe, and New-Len-Oil are at various stages of construction of their biomass energy facilities.
- In accordance with Task IV “Prepare fact sheets and case studies for the FOREST website”:**
Subtask i. “Develop fact sheets and case studies”. The FOREST biomass energy team developed four fact sheets: Shelekhovskiy ZBI; Kamenskoe; modification of the Pomerantsov furnace for TM Baikal; and an English-Russian glossary on biomass energy and forest products.
Subtask ii: “Dissemination of Information on the Potential Use of ‘Improved Products’. FOREST biomass energy specialist Tatyana Khodos gave a presentation in March 2005 at the Khabarovski Krai Forest Industry Ministry on institutionalizing biomass energy use.